



INTELLECTUAL PROPERTY
OFFICE OF THE
PHILIPPINES

CARL KARCHER ENTERPRISE, INC.,
Opposer,

-versus-

PETER UY,
Respondent-Applicant.

X-----X

} **IPC No. 14-2011-00272**
}
} Opposition to:
}
} Appln. Serial No. 4-2012-000273
} Date Filed: 10 January 2011
}
}
} **TM: HAPPY STAR**

NOTICE OF DECISION

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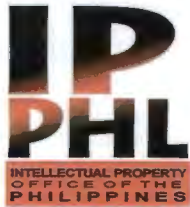
GREETINGS:

Please be informed that Decision No. 2016 - 437 dated 02 December 2016 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPHL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, 05 December 2016.

MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs



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Opposer, }
 -versus- }
 PETER UY, }
Respondent-Applicant. }

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IPC No. 14-2011-00272

Opposition to:
 Application No. 4-2011-000273
 Date Filed: 10 January 2011
 Trademark: "HAPPY STAR"

Decision No. 2016- 437

DECISION

CARL KARCHER ENTERPRISE, INC.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2011-000273. The application, filed by Peter Uy² ("Respondent-Applicant"), covers the mark "HAPPY STAR" for use on "biscuits and bread, candies, candy bar and candy coated cocoa or caramel and chocolate bar and candy" under Class 30 and "fruit drinks and fruit juices" under Class 32 of the International Classification of Goods and Services.³

The Opposer alleges:

x x x

"11. Opposer Karl Karcher Inc. is a multinational corporation involved in the food industry. The Opposer owns the famous restaurant chain Carl's Jr. as well as other famous quick-service fast food restaurants including Hardees and Green Burrito. The aforementioned restaurant chains share the same logo, the bright yellow five-pointed Happy Star.

"12. The Opposer got its start when in 1941, its founder, Carl Karcher, operated several food stands in Los Angeles and Anaheim, California, USA called Carl's Drive-In Barbecue. These food stands soon blossomed into one of the leading restaurant chains in the United States and expanding worldwide.

"13. By 1956, Karcher opened the first two Carl's Jr. restaurants in Anaheim and Brea, California, USA; so named because they were smaller versions of the initial drive-in restaurants. By the end of the 1950s, there were four Carl's Jr. restaurants, easily recognized by new signs that featured a vibrant yellow star. Within a decade, Karcher was operating 24 restaurants, with a fast-growing reputation for quality food and great service. The company incorporated in 1966 as herein Opposer Carl Karcher Enterprises, Inc.

¹A foreign corporation organized and existing under the laws of California, with principal office address at 6307 Carpinteria Ave., Suite A Carpinteria, CA 93013, USA.

²With address at 543 Santo Cristo St., Binondo Manila.

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.



"14. By 1975, there were more than 100 Carl's Jr. locations in Southern California and have expanded into the northern part of the state. Opposer celebrated its success by building its Anaheim corporate headquarters in 1976. The first out-of-state restaurant opened in Las Vegas in 1979. By the end of the decade, sales exceeded the US\$ 100 million mark.

"15. In 1981, with 300 restaurants in operation, Karl Karcher Enterprises became a publicly held company. In 1984, Carl's Jr. was franchised for the first time. By the end of the decade, sales topped US\$ 480 million at 534 restaurants. The Opposer also opened its first international units in the Pacific Rim and Mexico.

"16. In the Middle of 1990's Carl Karcher Enterprises became a wholly-owned subsidiary of CKE Restaurants, Inc. A revitalized plan was established that included a dual branding effort with Green Burrito. During this time, commercials for Carl's Jr. featured an animated caricature of Carl Karcher and the chain's mascot, Happy Star. Soon, herein Opposer began a series of headline-grabbing acquisitions of other restaurants chains, including Hardees, US's fourth-largest burger quick-service restaurant chain with nearly 2,500 locations.

"17. Opposer's Carl's Jr. restaurant chain quickly expanded, and currently has more than 1,000 locations worldwide. It has or had restaurants in Canada, Chile, Malaysia, Mexico, Singapore, Philippines, Poland, Russia, Vietnam, Turkey and Japan. In the Philippines, the first Carl's Jr. restaurant was opened on February 19, 1994.

"18. In 2007, Opposer earned revenues of approximately US\$ 1.5 billion.

"19. Herein Opposer Carl Karcher Enterprises, Inc. is the owner of the HAPPY STAR trademark described as a vibrant bright yellow five-pointed Happy Star. Carl Karcher Enterprises, Inc.'s other chain, Hardee's now shares this logo, after a post-merge re-branding.

"20. Since the 1950s, Carl Karcher Enterprises has owned and has been using the HAPPY STAR/STAR LOGO mark and its family of marks in its operations, branding and marketing activities. Below is the date of first use of the said marks.

x x x

"21. The HAPPY STAR/STAR LOGO marks were first registered in the United States. The earliest trademark registration for the aforementioned HAPPY STAR/STAR LOGO mark was obtained on June 8, 1971. Since that time, Carl Karcher Enterprises, Inc. has registered its core trademarks in more than 20 countries around the world.

"22. Opposer, has actively protected its trademark rights to its HAPPY STAR/STAR LOGO marks and has, in fact, prosecuted against those attempting to infringe upon said marks.

"23. In support of the factual allegations in this Opposition, attached as Exhibit C is the Affidavit-Direct Testimony of Charles A. Seigel III, Senior Vice President and General Counsel of Carl Karcher Enterprises, Inc.

"ARGUMENTS AND DISCUSSION

"24. Under Section 123.1 (e) of the IP Code, a mark or trade name cannot be registered if it is identical with or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines whether or not it is registered here, as being already a mark of a person other than the applicant for registration, and used for identical or similar goods or services.

"25. The subject mark HAPPY STAR is nearly identical with the marks owned by herein Opposer, with the contending marks covering related goods and services. Provided below is a side by side comparison of the contending marks as well as the goods and services covered by said marks.

x x x

"26. Worth noting is that the dominant element in Respondent's mark is the term STAR as well as the image of three (3) STARS, which are or the dominant element in Opposer's duly registered trademarks. Applying the dominancy test, and noting that Respondent's mark bears the Opposer's STAR DESIGN as well as the dominant term STAR, as its dominant elements, there is no question that the subject mark HAPPY STAR is identical with, if not confusingly similar to, Opposer's mark HAPPY STAR and its family of marks. Further, the competing marks are used on related goods and services under classes 30 and 32 and 42 respectively. Now, the only remaining issue is whether Opposer's marks are internationally well-known.

"27. On the facts, Opposer first adopted the mark HAPPY STAR as early as 1950's. Registrations for the HAPPY STAR mark and related marks were obtained in its home country, the United States of America. The earliest trademark registration for the aforementioned HAPPY STAR/STAR LOGO mark was obtained on June 8, 1971. Attached as ANNEX C of EXHIBIT C is a schedule of US Federal trademark registrations/applications and attached as ANNEX D in EXHIBIT C is a schedule of US State registrations/applications for the HAPPY STAR/STAR LOGO mark and its family of marks. Certified copies of the trademarks listed below are attached as ANNEXES A-1 to A-10 in EXHIBIT C herein, to wit:

x x x

"28. As previously mentioned, Opposer has registered its core trademarks in more than 20 countries around the world. Attached as ANNEX E in EXHIBIT C is the worldwide schedule of trademarks for the HAPPY STAR/STAR LOGO mark and its family of marks. Certified copies of the trademarks listed below are attached as ANNEXES B-1 to B-5 in EXHIBIT C herein, to wit:

x x x

"29. In the Philippines, Opposer registered its marks as early as 1981. Attached as EXHIBIT D is a schedule of Opposer's Philippine Trademarks.

"30. By reason of Opposer's long and continuous use of the mark HAPPY STAR and its family of marks, Opposer's marks have acquired immense goodwill evidenced by its sales figures. Opposer has likewise spent considerable money in advertising its brand. Attached are Sales figures, advertisement expenses and advertisement and marketing materials, in different jurisdictions to wit:

x x x

"31. As previously stated, Opposer has actively protected its trademark rights to its HAPPY STAR/STAR LOGO marks and has, in fact, prosecuted against those attempting to infringe upon said marks. Attached as Annex F-1 of EXHIBIT C are copies of foreign decisions where the HAPPY STAR/STAR LOGO marks were in controversy and decided in favor of Carl Karcher Enterprises Inc.

"32. Clearly, Opposer is the owner and prior user of the well-known mark HAPPY STAR and its family of marks, and therefore it has the exclusive right to register said marks. Conversely, Respondent, not being the owner of the HAPPY STAR mark, has absolutely no right to appropriate the same, alone or as a part/element of its trademark or trade name. Accordingly, respondent's application should be denied registration.

"33. Section 123 (d), RA 8293 provides that a mark cannot be registered if it is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of (i) the same goods or services, or (ii) closely related goods or services, (iii) if it resembles such a mark as to be likely to deceive or cause confusion.

"34. Opposer's trademarks STAR DESIGN, FAMOUS STAR, SUPER STAR and CARL'S Jr. covering services under Class 42 for restaurants and restaurant services are duly registered with the Intellectual Property Office. The application for Opposer's trademarks in the Philippines were all filed prior to Respondent's filing of its application for registration of the subject mark.

"35. Notwithstanding Opposer's clear right to the above-mentioned trademarks, Respondent, with apparent malice and bad faith, filed an application for the registration of a confusingly similar mark HAPPY STAR for 'biscuits and bread, candies, candy bar and candy coated cocoa or caramel and chocolate bar and candy and fruit drinks and fruit juices' under Classes 30 and 32, goods which are related to Opposer's services under Class 42 for restaurants

"36. Respondent's applied mark HAPPY STAR infringes Opposer's duly registered trademarks. Under the doctrine of dominancy, if the competing trademarks or trade names contain the main or essential feature or features of another by reason of which likelihood or confusion or deception may result, the infringement takes places. Similarity of the dominant features of the trademarks would be sufficient to constitute infringement. In fact, the rule is that the use of only one of the words comprising a trademark may be sufficient to constitute an infringement, and it is not necessary to this end and that all the words of the composite mark be appropriated.

"37. Worth noting is the dominant element in Respondent's mark is the term STAR as well as the image of three (3) STARS, which are or the dominant element in Opposer's duly registered trademarks. Applying the dominancy test, and noting that Respondent's mark bears the Opposer's STAR DESIGN as well as the dominant term STAR, as its dominant elements, it can be inferred that confusing similarity is likely to result when the competing marks are allowed to co-exist.

"38. The possibility of confusion between the competing marks is further bolstered by the fact that the subject HAPPY STAR mark covers biscuits and bread, candies, candy bar and candy coated cocoa or caramel and chocolate bar and candy and fruit drinks and fruit juices, which are related to Opposer's restaurant service covered by its Philippine Trademark Registrations. This is supported by Section 147 of the IP Code

which declares in no uncertain terms that 'In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed'

"39. Section 123.1 (g) of the IP Code bars the registration of a mark which is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services.

"40. Respondent's use of the mark HAPPY STAR constitutes clothing the former's business and goods with the general appearance of the Opposer's trademarks, since the marks are confusingly similar, if not identical. Respondent's business and goods are likely to confuse or deceive the public into believing that it is under the sponsorship of the Opposer, to the great damage and prejudice of the latter.

"41. At this time, it is apt to quote the Honorable Supreme Court when it ruled in the case of SHANGRI-LA INTERNATIONAL HOTEL MANAGEMENT, LTD., SHANGRI-LA PROPERTIES INC., MAKATI SHANGRI-LAW HOTEL & RESORT, INC., AND KUOK PHILIPPINES PROPERTIES, INC. vs. DEVELOPERS GROUP OF COMPANIES, INC. xxx

"42. Further, in the case of Shen Dar Electricity Co., Ltd., vs. E.Y. Industrial Sales Inc., decided on May 25, 2007 by the Office of the Director General, the Intellectual Property Office has declared that:

x x x

"43. The same decision further provides that:

x x x

"44. Clearly, it would be inconsistent and unjust to have a similar/identical trademark registered in the Philippines in the name of Respondent who is unrelated to and authorized by Opposer. On the basis of Section 123.1 (g), Respondent's application should be refused registration.

The Opposer's evidence consists of the Special Power of Attorney executed in favor of Vera Law Del Rosario Bagasmad and Raboca; the Verification and Certification against Forum Shopping executed by Philipp John F. Yap, as Associate of Vera Law; a schedule of US Federal trademark registrations/applications; a schedule of US State registrations/applications for the HAPPY STAR/STAR LOGO mark and its family of marks and a schedule of Opposer's Philippine Trademarks.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant on 21 February 2012. Said Respondent-Applicant, however, did not file an Answer.

Should the Respondent-Applicant be allowed to register the trademark HAPPY STAR?



⁴Marked as Exhibits "A" to "D", inclusive.

The Opposer anchors its opposition on Section 123.1, paragraphs (d), (e) and (g) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), to wit:

Sec. 123.Registrability. - 123.1. A mark cannot be registered if it:

x x x

- (d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of :
 - (i) The same goods or services, or
 - (ii) Closely related goods or services, or
 - (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;"
- (e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: *Provided*, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;
- (g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;

Records show that at the time the Respondent-Applicant filed its trademark application on 10 January 2011, the Opposer has existing trademark registrations in the Philippines for the marks CARL'S JR., FAMOUS STAR and SUPER STAR under Trademark Reg. Nos. 46470, 4200000516 and 4200000515 respectively. These registrations cover "restaurant services" under Class 43. Likewise, Opposer obtained trademark registration for the word mark HAPPY STAR in the United States of America under Reg. No. 1,084,351. On the other hand, Respondent-Applicant filed its trademark application for HAPPY STAR for use on "biscuits and bread, candies, candy bar and candy coated cocoa or caramel and chocolate bar and candy" under Class 30 and "fruit drinks and fruit juices" under Class 32.

The marks are shown below:



Opposer's trademarks

Respondent-Applicant's mark



This Bureau finds that while the products indicated in Respondent-Applicant's trademark application are not exactly similar to those covered by the Opposer's registrations in other jurisdictions such as the United States of America, Canada, Chile, Malaysia, Vietnam, Singapore, to name a few, for Classes 29, 30 and 32, confusion is still likely to occur in this instance because of the close resemblance between the marks. Respondent-Applicant's mark HAPPY STAR adopted the dominant features of Opposer's trademarks HAPPY STAR and CARL'S JR. The HAPPY STAR mark is stylized using the same word mark HAPPY STAR and colors of CARL'S JR. trademarks which are predominantly red and yellow. HAPPY STAR appears and sounds almost the same as Opposer's trademarks HAPPY STAR and CARL'S JR. It could result to mistake with respect to perception because the marks sound so similar. Under the idem sonans rule, the following trademarks were held confusingly similar in sound: "BIG MAC" and "BIG MAK"⁵, "SAPOLIN" and LUSOLIN"⁶, "CELDURA" and "CORDURA"⁷, "GOLD DUST" and "GOLD DROP". The Supreme Court ruled that similarity of sound is sufficient ground to rule that two marks are confusingly similar, to wit:

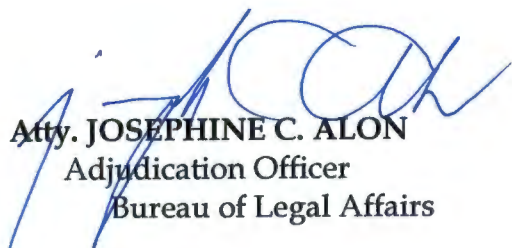
Two letters of "SALONPAS" are missing in "LIONPAS": the first letter a and the letter s. Be that as it may, when the two words are pronounced, the sound effects are confusingly similar. And where goods are advertised over the radio, similarity in sound is of especial significance...."SALONPAS" and "LIONPAS", when spoken, sound very much alike. Similarity of sound is sufficient ground for this Court to rule that the two marks are confusingly similar when applied to merchandise of the same descriptive properties.⁸

In conclusion, the subject trademark application is covered by the proscription under Sec. 123.1 par. (d) (iii) of the IP Code.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2011-000273 is hereby SUSTAINED. Let the filewrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 02 DEC 2016


Atty. JOSEPHINE C. ALON
Adjudication Officer
Bureau of Legal Affairs

⁵ *MacDonalds Corp, et. al v. L. C. Big Mak Burger*, G.R. No. L-143993, 18 August 2004.

⁶ *Sapolin Co. v. Balmaceda and Germann & Co,m* 67 Phil, 705.

⁷ *Co Tiong SA v. Director of Patents*, G.R. No. L- 5378, 24 May 1954; *Celanes Corporation of America vs. E. I. Du Pont de Nemours & Co.* (1946), 154 F. 2d 146 148.)

⁸ *Marvex Commerical Co., Inc. v.Petra Hawpia & Co., et. al.*, G.R. No. L-19297,22 Dec. 1966.